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February 24, 2021

Via Expedited Certified Mail, UPS Overnight and E-Mail (WTaylor@tannerpharma.com)

TannerGAP, Inc.
Tanner Pharma UK Limited
ATTN: General Counsel
1808 Associates Lane, Suite A
Charlotte, North Carolina 28217

Re: FSMS – TPG Reconciliation of United Kingdom Department of Health and Services Tenders

Dear William Taylor, Esq.:

This law firm represents FS Medical Supplies, LLC (“FSMS”) with respect to claims against TannerGAP, Inc. and Tanner Pharma UK Limited (“Tanner”) pursuant to that certain Distribution Agreement dated September 11, 2020 (the “Agreement”). We have been asked to review the Agreement for compliance and have reason to believe that Tanner has miscalculated and underpaid FSMS. FSMS hereby demands an audit of the documentation to validate the actual price of Tanner’s direct purchase of the Coronavirus Antigen Rapid Test from Zhejiang Orient Gene Biotech Co., Ltd. (“Orient Gene”) showing the actual purchase price per unit, as well as payment of the deficiency. A summary of relevant facts follows.

Pursuant to the Agreement, FSMS is entitled to 50% of the gross profits. FSMS is aware that Tanner has entered into a contract directly with Orient Gene for the purchase of Coronavirus Antigen Rapid Test. The gross profit for each tender is the total revenue minus the actual cost of the Coronavirus Antigen Rapid Test. Pursuant to the terms of the Agreement, it is the actual cost that is to be reduced from the total revenue and not a flat \$5.00 per unit.

According to Tanner’s reconciliation sheets for the three relevant tenders, Tanner lists \$5.00 per unit as the cost per unit for the Coronavirus Antigen Rapid Test from Orient Gene. We understand that Tanner’s actual cost to Orient Gene was far less, due to volume discounts. Tender No. 1 was for 2,000,000 units. Tender No. 2 was for 37,499,920 units. Tender No. 3 was for 18,750,000 units. The calculations provided on the reconciliation sheets are incorrect inasmuch as Tanner used a fixed \$5.00 per unit price and not the actual cost per unit. FSMS is entitled to additional payment equaling 50% of the gross profit for all three tenders as defined in the Agreement, using the true Direct Cost with the actual Unit Price paid by Tanner to Orient Gene, with a credit for the payments already made by Tanner to FSMS.

As such, and to ensure compliance with the Agreement, FSMS demands the purchase documents showing the actual purchase price(s) for each of the three tenders as well as the purchase order documents from the buyer (UK DHSC) in each of the Tenders. FSMS also demands

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payment of the difference between the amount Tanner has paid to FSMS, pursuant to the current reconciliation sheets, and 50% the correct gross profits calculated by using the actual amount paid by Tanner directly to Orient Gene.

We are hopeful that we can resolve this issue amicably. However, if Tanner fails to meet FSMS's demand by **March 3, 2021**, FSMS may then pursue its remedies to the full extent of the law without any further notice. We look forward to receiving the actual price data and the balance owed.

Sincerely,

STRUCTURE LAW GROUP, LLP

/s/ Mark R. Figueiredo

Mark R. Figueiredo

Copy to: Steve Scalia (sscalia@tannerpharma.com)
Johnathon Bracey (jbracey@tannerpharma.com)